

To: Board of Trustees
From: Jane O'Meara Sanders
Re: President's Report

Date: October 12, 2011

This is my final report to the Board of Trustees after more than seven years as president of Burlington College. So I'd like to use it to do two things – take a look back at what we have accomplished together, and then to highlight a few areas that I believe are of importance for the near future.

First, a look back; most of what I mention here is listed with specific data in the Results Timeline I gave to the Board at the May meeting, but we did not have time to discuss it then.

We have come a long way over the past seven years and we should be proud of what we have achieved.

Seven years ago, when I began my tenure as president, this College was under a Formal Notice of Concern by our accrediting agency. Today, we have received the gold standard in accreditation – a ten year approval.

Fiscally, we were considered to be “financially irresponsible” by the U.S. Department of Education and under monitoring by that federal agency. In recent years, we have achieved the highest rating for financial responsibility that the U.S. Department of Education provides.

In terms of development, in the year before I arrived, Burlington College had raised less than \$25,000. This year's audit will show \$1.25 million in gift commitments, donations and grants though we realized commitments of almost \$1,700,000 this past year.

Seven years ago we offered no institutional financial aid to our students. Today, we are providing \$400,000 to students in need and increasing that amount each year.

Seven years ago, we were located on one acre of land with three buildings in serious disrepair. Since then, we purchased three additional buildings, renovated all six buildings, paid off all that debt, sold our academic building and bought our new property. Today, we are located on a beautiful 32 acre lakefront campus which gives us extraordinary opportunity for expansion. Purchased with tax-exempt bond financing for \$10 million, this negotiated price was \$2 million dollars less than the Board had approved, \$6 million less than the original asking price and approximately half the assessed value.

Seven years ago, we offered a Bachelor of Arts in nine majors, an Associate of Arts in general studies and two professional certificates. We were a commuter school and most of our student population was comprised of part-time adult students from the local area. Today, we have significantly expanded our academic offerings and moved to the graduate level. We now offer an Individualized Master of Arts degree, Bachelor of Fine Arts in four disciplines, Bachelor of Arts in fourteen majors, an Associate of Arts in three majors and nine professional certificates. Today, in addition to the working adults in our community, we attract many students directly from high school and from across the country as well as transfers from other colleges. This is laying the groundwork for a significant increase in enrollment in future years.

There are several other areas where we have worked together to make substantial progress. Our faculty is larger and better credentialed. Our graduation rate is higher. Our name recognition and reputation have significantly improved.

All these gains, and many others, were not made easily or without opposition from within. But the Board made it clear when they hired me that they expected results. My commitment to the goal of making this a first-class institution has not wavered since I was brought on as a turnaround president in 2004. Together, I think it is safe to say we turned the corner. We've got many opportunities before us, but we need to realize them to continue our momentum.

As I mentioned in my last letter to the trustees, there are some financial issues that I felt confident I could address and I was concerned about leaving before they were resolved. Unfortunately, the Finance Committee only held two meetings in the six months between March and September, so I could not get the authorization to move on these issues. Some of them I had brought to the Business Meeting and Visioning Retreat in August, but the agenda changed rather abruptly and we were again unable to discuss them. While I subsequently sent memos to the Board regarding these items, I do want to at least flag them for you again before I go.

- 1) The College needs to negotiate with the Bank to allow the sale of student housing and to use those monies for the project, rather than to pay down debt. We can sell the buildings with two or three year leases and then plan to build residence halls in the next two years. We could utilize some of the funds for renovations during our usual short-term lower cash flow periods, then replenish it and set aside in a building fund for the halls.

I have had a preliminary meeting with our main vice-president contact at People's Bank about this and also had a major donor and depositor to mention it to the president in advance of a planned meeting with him. Both were very positive conversations and I have no doubt that the bank will agree if they feel comfortable with the leadership and stability of the College.

- 2) Along the lines of selling property, the bank has approved selling 11 Lakeview and there are two people who would pay less than the Board had authorized. Without a meeting, there was no approval, thus no possibility for a sale. The Pomerleau Agency is handling the property, which they rightfully point out is a teardown which could cost quite a bit if we had to do it. The Board should authorize a lower selling price. We also have a probable buyer for 9 Lakeview – with no realtor's fee – if we get the okay to sell and the Board so wished.
- 3) Many of the College's donors are personal friends of mine and I will continue active stewardship of a selected few of the existing and potential major donors, understanding that the development team should handle the vast majority of donors regardless of personal relationships.

A few examples:

A wonderfully supportive couple has delivered a 42" HD television for the student lounge (letter attached) and had also made a commitment of \$10,000 for a film study room in the old nun's quarters.

A potential new donor had made a commitment to me to donate to the College before the year is over and I have been in touch with her recently to ensure she understood the leadership change

was the right decision. I will stay in contact and expect her gift will be in the \$10,000-\$20,000 range.

I have given out capital campaign brochures to some of the people we have identified as potential new donors and they are likely to call the college in response. While it makes sense that the college follow-up with them – and other donors I brought to the school, it would also likely benefit the college if I could be apprised of those communication as it is likely I will see them at external functions.

For all these donors, the handling of this transition is crucial.

- 4) I will also continue to stay in touch with one of our strongest supporters, but it is important that the interim leadership of the college or trustees meet with him as well. He has guaranteed our construction loan through a large deposit at the bank and it would be helpful if he would continue to do so through 2012. I asked him to do so and he told me that he would have, but is not so sure now, considering the change. He was instrumental in making this deal work and whoever speaks with him should recognize that it is important that he is certain that the College is in good hands.
- 5) The College also needs to establish contact with our million dollar donor to ensure a continued relationship now that the two people who cultivated that relationship are no longer associated with the school, as Gerri and I have both resigned.
- 6) The Board needs to bring on new members. While I had several people who were interested in coming on as trustees, that option was not given this year and I doubt they would join at this time. Four members have decided to leave this year – three in the last month - and the Board is at an all-time low of ten members.
- 7) As I mentioned to you in an earlier communication, I was exploring an opportunity that could substantially lower or eliminate our mortgage debt and needed the Board to consider it, but could not get the item on the agenda. I believe at least some of you are aware of the opportunity now and will hopefully be discussing it at Friday's meeting.

The Greater Burlington Industrial Corporation (GBIC) is working with a well-respected financial services firm to identify a location to build their Vermont headquarters (confidential letter attached). They are interested in acquiring a site in the Burlington area where they could employ as many as 1,000 employees. At this point, the employer name must remain confidential, but I can tell you that they want to create an operations center, executive services, and technology processing on the property and GBIC thinks that the employer would be a good fit for our region.

They have already seen several other properties and are very interested in the 9 acre southernmost parcel that I showed Frank Cioffi, the GBIC Executive Director. I let him know that we could only sell the property if we could pay the tax-exempt bonds off entirely – and preferably our entire debt. The seven to ten million dollar price tag seemed appropriate considering the costs of other properties they were considering and their comparative pluses and minuses.

Frank would like to schedule a tour for the CEOs and has also requested our permission to do some feasibility work regarding building and infrastructure, engaging an architect for some rough drafts of a

site plan, and speaking confidentially with the city, and reviewing the permit process. All this will take careful planning in order to achieve a seamless implementation.

- 8) You should know that I showed Frank the old Colodny parking lot property and student housing as well. While it doesn't fit this project, GBIC may be able to work with the College to utilize the lot and plateau in other interesting ways in the future. The student housing properties could also be part of that future plan if the Bank does not agree to sell them sooner.
- 9) As I have mentioned the parking lot, the city has given us the answer we were seeking regarding subdivision issues, which the college should follow up on. It may allow COTS to return some of the funds that the college had to pay for the potential costs of going through that process – though it may be too late.
- 10) Last but certainly not least, the College should consider developing the lakefront lot to allow for some leased sites on the lower bluff. We discussed that at our first meeting in March 2010 about the property and I've always thought we should plan for that, if only as a fallback. I had copied 16 pages of excerpts (available for handout) from the thousands of pages of the loan documents for the August meeting to show that the waterfront lot was held out of the tax-exempt bond financing. I thought that would assuage the concerns of those of you who were worried about finances and ensure you that we had several options, including some already mentioned above.

This carve-out was something I had worked to ensure throughout the bonding process in order to give us maximum flexibility. It looked as though it had gone by the wayside at the end, so we planned to offer the same leased option, but only to people associated with the college as required by the tax-exempt status. However, when we got the bound copy of all the documents and I read through them, I found that we were successful after all. So the options for the lower lot are completely open. The College could lease or sell $\frac{1}{4}$ acre or $\frac{1}{2}$ acre lots (I would suggest a very limited number) to individuals or even partner with a restaurant or café or business to have alternative revenue streams (something I would strongly recommend). I was in conversation with two members of the President's Advisory Council to design a model for proceeding in this vein.

Of course, the rest of the property should also be designed to accommodate various academic and community initiatives. While my vision is clear on that, I won't go into it here as the Board has not had the chance to envision possibilities together yet. The Capital campaign brochure outlines the potential as I see it and I hope you will consider that/my vision as you progress.

While some of you have clearly perceived my entrepreneurial approach and community perspective to be too expansive for our small college, I think it is extremely important that the next president have those broad skills. Only then could he or she fully consider opportunities such as the ones mentioned above.

In addition to the financial matters and opportunities that will require your attention, there are a few other areas that the Board should keep an eye on during this transition period and, I think, should keep in mind when looking for a new president. While there are certainly overlaps in terms of their impact, I'll focus my remarks on the areas primarily impacted by these issues.

Academically, we have expanded a great deal and had planned to use this year to market the new programs and find new faculty to teach in them. We are well on our way, as the ads for positions brought in many, many qualified applicants and the Dean and I agreed on at least three dozen potential hires for community faculty or Masters faculty positions. I hasten to add, however, that the hiring of appropriately credentialed faculty with varying perspectives has been one of the most difficult aspects of my job since I arrived. Yet, I believe it is crucial to our success. We wrote a policy several years ago and often reiterated its importance, but every time I have delegated the final responsibility for hiring, we have lost ground. As recently as last spring, 25% of the community faculty did not have the requisite degrees, an issue I raised with the Board and the Dean at the time. I approved all the hires for this fall – to the dismay of many – and we are currently in excellent compliance with our policies and have attracted new faculty members who have never taught at Burlington College before. I caution you to keep an eye on this important issue and to ensure the next president values the qualifications of the faculty and the quality of their evaluations as much as I and the students do.

Continuing on with academics, the Dean and faculty have put together a five-year plan for review of each major which has been shared with the Academic Affairs Committee. These are more than cursory reviews and, in fact, the writing and literature major and the media activism major have both developed (and in the case of WAL, implemented) strong assessment tools which I hope and expect you will review and expect of all the majors.

Lastly, I think it is important to enable the students to have more of a voice in curriculum. That means a seat on the Academic Programs Committee (APC) and on the Board and also an opportunity to suggest and secure at least some new classes each semester. In addition to academic courses, students have suggested horseback riding, snowboarding and ballroom dancing as electives but APC has never scheduled them. They also expressed interest in a January term, which is supposed to be developed for this winter, and spring break travel options, yet the three vice-presidents unanimously recommended the discontinuation of the only such program we currently have. I chose not to accept their recommendation and instead directed some changes in the program, which I expect they will implement soon.

All these issues play a significant role in retention of students which needs to be a priority.

I have shared my concerns in terms of development, so I won't reiterate them here. However, I do have a couple of specific suggestions. It would be helpful if the Board could review the annual fund plan we developed with Demont Associates and ensure its implementation. And it would be useful if the Board could look at the annual calendar that I distributed in May and ensure that the events outlined there and in the capital campaign brochure are implemented as well. The calendar has been expanded into a workflow document and should be available on the trustee intranet which will make all the Board and committee minutes and information easily available to you (another casualty of the August meeting). I hope you will learn how to use the site on Friday. These documents will also be useful for the next president.

I have heard a few comments that indicate there may be some budget cuts rather than the alternative approaches suggested above to address potential cash flow issues. We have not had any budget cuts in the seven years I have been here – just smart money management. But if you choose this route, I would suggest you look at areas where the students will not be affected, such as non-essential travel and conferences.

A few comments on staffing in relation to this; I don't want to make this a comprehensive document, just one that shines a light in a few places to honor exceptional work in areas of importance. Recruitment of students is a primary goal and our admissions team, made up of Gillian Homsted and Bridgette Graham, is an excellent one, but it is too small. They need additional help if they are to realize their goals and ensure the office is staffed while they are doing so much outreach. The marketing team, made up of RC Kirk, Erin Elliott and Rachel Sherman, works closely with admissions and produces excellent results. As almost all the materials – viewbooks, brochures, etc – are completed, the website looks great and we are doing quite well with the press, it may seem unnecessary to keep the positions in place during tight times, but I would strongly disagree. All three have projects laid out for the near future and are pivotal in getting our image and messages out there in the public and the press and providing support for recruitment. Two have other responsibilities at the college – one as faculty and the other as veteran's coordinator – and one only works one day a week. This small investment pays big dividends.

There are a few other positions that I'd like to single out for doing exemplary work and needing to keep the small support that they have. Mike O'Malley, our Facilities Director, has done an incredible job of implementing the renovations to our new campus. As the general contractor, he has saved us significant monies and, at the same time, has proven to be a great role model to the students who have chosen to work with him. Greg Litchfield has brought great energy and enthusiasm to the Office of Student Services and his ideas and follow-through convinced us to increase the resident advisor staff. For very little cost in the form of housing and stipends, these new hires will help develop a sense of community in our new space. Melissa Long will be very busy with NEASC over the next year, which she does better than anyone else, and will need her assistant registrar in order to carry out her responsibilities in this area. Angela Smith, who currently handles the Board, the President's Office and Human Resources, is multi-talented and professional. There are so many more people who are doing wonderful work for the college – standing faculty like Gordon Glover and community faculty like Tom Verner, VWS faculty and staff, and our longtime, lovable receptionist Brenda – but I can't mention everyone and I did want to take this opportunity to acknowledge these individuals before I left.

In closing, let me say that it has been a great personal honor for me to be part of the Burlington College community and I will always remain proud of what we, together, have accomplished. I am leaving the school far stronger than it has ever been – an accomplishment not just of mine, but of many trustees, faculty and staff. I wish the College continued success.

Burlington College
Office of the President
95 North Avenue
Burlington, Vermont 05401

October 3, 2011

Dear Jane,

Sheila and I would like to donate our 70' Sony TV to the College as a small token of our gratitude for the work you have done during your tenure at the school. Not only do we appreciate what you have accomplished, but also we admire the manner in which it was done and are grateful for the many kindnesses extended to us.

You will need to get the TV transported to the College. We, of course, cannot bring it over personally. When you get a chance, please contact me either by e-mail or phone (482-3605), and we can discuss your options.

Best wishes for the future, and again, our thanks for a job well done.

Sincerely,

Frank and Sheila Manchel

September 20, 2011
Jane O'Meara Sanders, Ph.D.
President
Burlington College
351 North Avenue
Burlington, Vermont 05401

CONFIDENTIAL COMMUNICATION

Re: Interest in parcel 3 of Burlington College campus

Dear Jane:

Thank you very much for making the time to meet with me today and last week on such short notice.

I am working with a large employer that is considering acquiring a site in the Burlington area to site a significant financial services center. At this point, the employer name must remain confidential, however should they decide to proceed with an acquisition then I will get permission to share their name. I can assure you that the employer is a highly qualified prospect and they are incredibly respected in their industry. They would be looking to site an operations center, executive services, and technology processing in the property and we think that the employer would be a good fit for our region.

They are considering a building size of between 100,000 to 300,000 square feet and could locate as many as 1,000 employees. The site must be capable of accommodating an appropriate structure and sufficient parking for the facility.

To date, we have hosted one visit with a senior company executive and we showed them about 4 properties in Burlington, 4 properties in South Burlington and 1 property in Essex. The properties that we looked at ranged from \$1 million to \$11 million. They seemed to be very interested in Burlington.

Years ago I approached Bishop Angell about the Diocese property for another prospect, but at that point, the Diocese was not ready to sell. Since then I have always watched the property with interest and was thrilled when Burlington College acquired the property because I know that it has so much potential for tastefully added development.

I think that the prospect would be interested in having GBIC explore the potential of acquiring parcel 3 of your campus and would like to have your permission to look into the feasibility of siting a building and other infrastructure on the parcel.

I have no idea what parcel 3 is worth but that would be determined should the employer become exclusively interested in the property.

I would like to engage an architect, on a very confidential basis, to determine if we could realistically and physically site a building up to 300,000 sq. ft. on the parcel.

GBIC would cover this cost and it would be just a very rough site plan drafting.

I would also like to have a very confidential conversation with Larry Kupferman and Nick Warner of the City of Burlington to see if they think that this prospective project would be welcomed in Burlington.

The next step in our process with this employer is to bring senior executives of the company to tour the sites in our county.

I do not know what the timing of this opportunity is but I do know that they are very serious about this prospective opportunity.

Again, thank you for your time and willingness to explore something so creative.

Best regards,

A handwritten signature in blue ink that reads "Frank Cioffi". The signature is written in a cursive, flowing style.

Frank Cioffi

President

Greater Burlington Industrial Corporation